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Message Text

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44
ORIGIN EB-11

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DRAFTED BY EB/AN:PJGLASOE:DAP
APPROVED BY EB/AN:MHSTYLES
CAB - MR. MURPHY (SUBS)
EB/TT - MR. MEADOWS (SUBS)
NEA/TUR - MR. HIRSHORN
---------- 033590
R 042223Z DEC 73
FM SECSTATE WASHDC
TO AMEMBASSY ANKARA
INFO AMEMBASSY BEIRUT
ISTANBUL BY POUCH.

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E.O. 11652:N/A
TAGS: ETRN, TU
SUBJECT: CIVAIR - BILATERAL TALKS
REF: ANKARA 9055

THERE FOLLOW 1. TEXT OF DECEMBER 3 LETTER FROM MEADOWS TO AKYAMAC (IN NEW YORK), 2. REVISIONS TO THE US CAPACITY PROCEDURES PAPER DATED APRIL 3, 1973 (DATE 71495, APRIL 17), AND 3. NEW PROPOSAL FOR MEMORANDUM OF CONSULTATION. AKYAMAC HAS AGREED THESE ITEMS SHOULD BE MADE AVAILABLE TO APPROPRIATE OFFICIALS IN ANKARA AND SUGGESTED EMBASSY ANKARA PASS THEM TO SOYLEMEZ WITH REQUEST THAT HE PASS THEM TO GUNGEN. (WE ARE AIR POUCHING COPIES ALL DOCUMENTS BUT IT WOULD SAVE TIME IF PRACTICABLE FOR EMBASSY TO PREPARE ITS OWN VERSIONS BASED ON THIS CABLE.)

1. MEADOWS LETTER TO AKYAMAC, DATED DECEMBER 3:

I AM ENCLOSING FOR YOUR CONSIDERATION TWO ITEMS WHICH
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ARE DESIGNED TO INCORPORATE THE REVISED US PROPOSALS PRESENTED TO YOU INFORMALLY BY OUR EMBASSY IN ANKARA LAST AUGUST.

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THE FIRST IS A CAPACITY PROCEDURES PAPER WHICH YOU WILL RECOGNIZE AS OUR PAPER OF LAST APRIL 3, WITH CERTAIN AMENDMENTS TO COVER TWO OF THE SUBJECTS WE HAVE BEEN DISCUSSING

SINCE THEN. THIS PAPER, WHICH WOULD REPRESENT THE UNIQUE AVIATION ARRANGEMENTS WE HAVE WORKED OUT TO APPLY TO OUR BILATERAL RELATIONS, NOW INCLUDES PROVISION FOR A CLEARLY DEFINED PATTERN OF OPERATING LEVELS DURING AN AGREED DEVELOPMENTAL PERIOD, AS WELL AS PROCEDURES FOR HANDLING CAPACITY DECREASES AS WELL AS LIMITING THE MAGNITUDE OF "DISAGREED" INCREASES. CONCERNING THE AGREED OPERATING LEVELS, I AM SURE YOU WILL AGREE IT IS DESIRABLE TO INCLUDE PROVISION FOR POSSIBLE MUTUALLY AGREED CHANGES IN VIEW OF THE IMPOSSIBILITY OF K OWING HOW THE FUEL SITUATION MAY IMPACT IN THE FUTURE ON PARTICULAR SERVICES OF PAN AMERICAN.

THE SECOND PAPER, INTENDED TO BE USED IN OUR FINAL MEMORANDUM OF CONSULTATION, DEALS WITH THE QUESTION OF SECTORS WHERE THE SERVICES OF THY MAY BE UNDULY AFFEC ED. YOU WILL NOTE THAT WE HAVE ADDED ROME-ISTANBUL AS A SECTOR WE ARE PREPARED TO CONSIDER AS A SPECIAL SITUATION. THE SPECIFIC FIGURES WHICH WE ANTICIPATE PUTTING IN THE BLANKS WOULD BE BASED ON THOSE WE DISCUSSED LAST MAY, AS MODIFIED BY AN APPROPRIATE GROWTH FACTOR. WE HAVE NOT COVERED THE PARIS-ISTANBUL SECTOR SINCE, AS YOU WILL HAVE SEEN FROM PAN AMERICAN'S PLANNED CHANGES FOR NEXT SPRING, THERE WILL BE NO DIRECT PAN AMERICAN SERVICE TO TURKEY VIA PARIS. WE HAVE NOT INCLUDED LONDON SINCE THESE SAME NEW PAN AM SCHEDULES INCORPORATE A MAJOR FREQUENCY (AND CAPACITY) DECREASE IN THE LONDON-ISTANBUL MARKET WHICH SHOULD ELIMINATE ANY SERIOUS DIFFICULTIES OF THE TURKISH CARRIER IN THAT MARKET.

IN THE EXPECTATION THAT THIS REVISED FORMULATION WILL MEET WITH YOUR APPROVAL, THERE WOULD ONLY REMAIN THE FEW POINTS OF DIFFERENCE IN THE TEXT OF THE AGREEMENT TO DIS-
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POSE OF. I DON'T KNOW WHETHER YOUR TIGHT SCHEDULE WOULD PERMIT YOU TO LOOK AT THOSE ITEMS BEFORE YOUR DEPARTURE BUT WE WOULD BE PREPARED TO SEE YOU IN NEW YORK AT YOUR CONVENIENCE IF THAT WOULD BE HELPFUL.

2. REVISIONS TO APRIL 3 CAPACITY PROCEDURES PAPER:

A. REMOVE FOOTNOTE 1 TO PART 2(A)
B. REVISE BEGINNING OF PART 2(A)(1) TO READ: "PRIOR TO THE FILING OF ANY SCHEDULE(S) THAT WOULD INCREASE CAPACITY ON OR AFTER MARCH 31, 1976 IN RELATION TO THAT IN EFFECT DURING THE PREVIOUS CORRESPONDING PERIOD..."

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C. AMEND FOOTNOTE 2 OF PART 2(B)(3) TO READ: "THE ESTABLISHED BASE PERIOD LEVEL SHALL BE THAT LEVEL OF OPERATIONS IN EXISTENCE PRIOR TO THE LAST INCREASE BY THE AIRLINE(S) CONCERNED. IF THERE HAS BEEN NO INCREASE IN

THE SERVICE SINCE THE DATE THAT THESE PROCEDURES CAME INTO EFFECT, THE ESTABLISHED BASE PERIOD LEVEL SHALL BE THE APPROPRIATE OPERATING LEVEL DESCRIBED IN PART 2(E)."

D. CHANGE PART 2(C) TO (D) AND INSERT A NEW (C) AS FOLLOWS:

"(C) GUIDELINES FOR CAPACITY INCREASES OR DECREASES

(1) IN ANY CASE FALLING UNDER PARAGRAPH 2(A)(5), THE CAPACITY INCREASE WHICH WILL BE PLACED INTO EFFECT BY THE AIRLINE WILL NOT EXCEED THE DEMONSTRATED RATE OF TRAFFIC GROWTH DURING THE PRECEEDING YEAR BY MORE THAN ... PERCENT ALTHOUGH, IF REQUIRED BY THE EXIGENCIES OF AIRCRAFT UTILIZATION, A HIGHER INCREASE MAY BE EFFECTED, IT BEING UNDERSTOOD THAT SUCH INCREASE WILL BE AS CLOSE TO THE ... PERCENT MAXIMUM NOTED AS FREQUENCY AND AIR-CRAFT TYPE PERMIT.

(2) IN ANY CASE FALLING UNDER PARAGRAPH 2(A)(6) OR 2(B)(3) IN WHICH IT IS DEEMED NECESSARY TO EFFECT A DECREASE IN THE LEVEL OF CAPACITY TO BE OFFERED, AND-EXCEPT IN THE CASE OF MUTUAL AGREEMENT--TAKING INTO ACCOUNT FOOTNOTE 1/ TO 2(B)(3), SUCH DECREASE WILL NOT EXCEED THE DEMONSTRATED RATE OF TRAFFIC DECLINE DURING

THE PRECEDING YEAR ALTHOUGH, IF REQUIRED BY THE EXIGENCIES OF AIRCRAFT UTILIZATION, A LESSER DECREASE MAY BE EFFECTED IT BEING UNDERSTOOD THAT SUCH DECREASE WILL BE AS CLOSE TO THE DECREASE IN TRAFFIC AS FREQUENCY AND AIRCRAFT TYPE PERMIT."

E. ADD A NEW SECTION (E) AS FOLLOWS:

"(E) US AIRLINE OPERATING LEVELS UNTIL MARCH 31, 1976.

(1) FOR THE PURPOSE OF THESE CAPACITY PROCEDURES SERVICE IS DEFINED AS A FLIGHT WHICH ORIGINATES IN THE TERRITORY OF ONE CONTRACTING PARTY WITH A DESTINATION IN THE TERRITORY OF THE OTHER CONTRACTING PARTY OR ANY THIRD COUNTRY POINT BEYOND, AS WELL AS A FLIGHT WHICH PRO-CEEDS BEYOND THE TERRITORY OF THE OTHER CONTRACTING PARTY TO THE TERRITORY OF THE FIRST CONTRACTING PARTY.

(2) WITHOUT PREJUDICE TO THE GENERAL RIGHT ACCORDED THE AIRLINES OF BOTH CONTRACTING PARTIES TO IN-

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CREASE CAPACITY IN ACCORDANCE WITH MANAGEMENT JUDGEMENT UNDER THE PROVISIONS OF THE AGREEMENT AND UNDER THE PROCEDURES ESTABLISHED HEREIN, THE UNITED STATES AIRLINE HAS INDICATED THAT CAPACITY FOR THE PERIOD JANUARY 1,

1974 UNTIL MARCH 31, 1976, WILL BE AS FOLLOWS; UNLESS OTHERWISE AGREED:

(A) FROM JANUARY 1, 1974 UNTIL MARCH 31, 1975

I.
II.

(B) FROM MARCH 31, 1975 UNTIL MARCH 31, 1976

I.
II.

(3) WITHOUT PREJUDICE TO THE GENERAL RIGHT UNDER THE AGREEMENT FOR THE DESIGNATED AIRLINES OF EACH CONTRACTING PARTY TO SUBSTITUTE AND UTILIZE THEIR EQUIPMENT IN
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ACCORDANCE WITH MANAGEMENT JUDGEMENT, ANY DESIGNATED UNITED STATES AIRLINE MAY SUBSTITUTE, DURING THE PERIOD UNTIL MARCH 31, 1976, ONE SERVICE OPERATED WITH 747 AIRCRAFT FOR TWO SERVICES OPERATED WITH 707 AIRCRAFT OR VICE VERSA."

3. SEPARATE "ITEM FOR MEMORANDUM OF CONSULTATIONS AS FOLLOWS:

"A. THE TWO DELEGATIONS REVIEWED THE CURRENT OPERATIONS OF PAN AMERICAN TO AND THROUGH TURKEY WITH PARTICULAR REFERENCE TO THE CAPACITY PROVISIONS OF THE AGREEMENT AND THE AGREED CAPACITY PROCEDURES. THE TWO DELEGATIONS CONCLUDED THAT IN GENERAL PAN AMERICAN'S OPERATIONS WERE IN CONFORMITY WITH THESE CAPACITY PROVISIONS. HOWEVER, IT WAS DETERMINED THAT PAN AMERICAN'S OPERATIONS IN THE SECTORS ISTANBUL-FRANKFURT, ISTANBUL-BEIRUT AND ISTANBUL-ROME MIGHT WELL HAVE AN UNDUE EFFECT ON TH OPERATION OF TURKISH AIRLINES REQUIRING SPECIAL TREATMENT FOR A PERIOD OF TIME. ACCORDINGLY, THE TWO DELEGATIONS AGREED THAT FOR THE YEAR STARTING WITH THE DATE THE AGREEMENT COMES INTO FORCE, PAN AMERICAN WOULD UTILIZE ....., ..., AND ..... SEATS ON THE RESPECTIVE SECTORS. (NOTE: ACTUAL NUMBERS WOULD BE BASED ON THE FIGURES DISCUSSED IN MAY 1973, ADJUSTED BY AN APPROPRIATE GROWTH FACTOR.) THESE SEAT ALLOCATIONS SHALL BE REVISED ANNUALLY IN ACCORDANCE WITH MARKET GROWTH.

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B. THE TWO DELEGATIONS RECOGNIZED THAT THE DEVELOP-
MENT OF TURKISH AIRLINES' SERVICES ON THE SECTORS IN
QUESTION, OR OTHER CIRCUMSTANCES, MIGHT PERMIT IN TIME

THE ELIMINATION OR SUBSTANTIAL MODIFICATION OF THESE
SPECIAL SEAT ALLOCATIONS. THE TWO DELEGATIONS ALSO
RECOGNIZED THAT PAN AMERICAN'S OPERATIONS ON OTHER SECTORS
MIGHT IN THE FUTURE HAVE AN UNDUE EFFECT ON TURKISH
AIRLINES. ACCORDINGLY, THE TWO DELEGATIONS AGREED
THAT, SHOULD DEVELOPMENTS OF THE NATURE OUTLINED ABOVE
OCCUR, CONSULTATIONS WOULD BE HELD TO WORK OUT THE APP O-
PRIATE ARRANGEMENT. LASTLY, THE TWO DELEGATIONS AGREED
THAT AT THE CONCLUSION OF THE DEVELOPMENTAL PERIOD ES-
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TABLISHED IN THE AGREED CAPACITY PROCEDURES, THAT IS ON
APRIL 1, 1976, A THE LATEST, ANY SPECIAL RESTRAINT BEING
EXERCISED BY THE US AIRLINE ON THE SECTORS IN QUESTION
WOULD CEASE TO BE NECESSARY, ALTHOUGH AT THE SAME TIME
THE CAPACITY PRINCIPLES AND PROCEDURES AGREED UPON BETWEEN
THE TWO PARTIES WOULD REMAIN IN FULL FORCE AND GOVERN THE
FUTURE OPERATIONS OF THE AIRLINES OF EACH PARTY." KISSINGER

NOTE BY OC/T: POUCHED BEIRUT AND ISTANBUL.

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